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Continuing Education Article- Reporting Your Depreciable Personal Property February, 2003

Depreciable personal property means all tangible personal property that is used in a trade or business, used for the production of income, or held as an investment.

The first step in reporting these assets is to look at the books and records or your depreciation schedule and determine which of your assets are taxable as personal property. When reviewing your records, you may find assets that are taxable as real property or subject to an excise tax. To report these assets as personal property would create a double assessment and should be avoided. While most assets can easily be classified as personal property, there may be instances where the determination is unclear, in such instances, refer to 50 IAC 4.2-4-10.

The next step, in reporting these assets, would be to pool the assets on a personal property tax return. The Form 102 (for farmers) and the Form 103 (for businesses) have a schedule with four pools. Determination of which pool to use is based solely on the life assigned to each asset for federal income tax purposes. Therefore, an asset with a seven-year life would be reported in Pool 2, which is for assets with a 5-8 year life.

Once the proper pool has been determined, the costs of the assets are reported on the line within that pool by the date that the asset was acquired.

The totals for each line are then multiplied by a True Tax Value Percentage to arrive at the true tax value for the depreciable personal property. The total true tax value is then carried over to the Summary section on Page 1.